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## Hungary

### Livestock and Products

### Swine Production Report

**2004**

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**Report Highlights:**

The Government of Hungary is providing extra subsidies to the swine sector to correct market shortfalls and prepare for EU Accession when the sector will no longer be subsidized. Other EU-accessing countries, such as Czech Republic and Poland, are doing likewise. Analysts expect a drop in Hungary's pork production and export numbers in upcoming years.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Vienna [AU1]  
[HU]

## Export Expansion

Since the beginning of 2004, the swine sectors in the European Union (EU) and Hungary have been on an export rally. This is due to bearish domestic consumption and soaring feed grain prices.

The export refund of the EU on sales to third (non acceding) countries is EUR 0.40/kg (USD 0.49). The Government of Hungary introduced support in the amount of HUF 140/kg (USD 0.67) for 5,000 MT pork (half carcass) and HUF 65/kg (USD 0.31) for 3,400 MT live hogs exported to non-EU countries, Czech Republic and Slovakia.

Hungary's pork exports have averaged around 150,000 to 200,000 MT in the last years. Imports are about ten percent of exports. One third of the sales are destined to EU countries, while half the exports are destined to neighboring countries and Asia. Growing sales of subsidized hogs and pork is a hot issue in Central E Europe. Croatia imposed trade restrictions on foreign animal products (See GAINS Report HR 3025), but in February 2004 demonstrating Hungarian farmers demanded supplemental tariffs or an import ban against (subsidized) imports from Czech and Poland.

## Declining Animal Stocks

Hungary's swine stock was 5,138 thousand head in August 2003 of which sows numbered 361,000 head. Annual pig numbers regularly bottom out in December due to high demand and backyard slaughters before Christmas. Opening animal stock for 2004 was under 5 million. Hog prices were 13% lower in February 2004 than a year ago, but prices started to climb again in the last weeks.

## EU Membership

Under the Common Agricultural Policy (CAP) of the EU, Hungarian swine farms will receive no production support and receive much lower export refunds than they did in the last years. Some animal welfare subsidies and more stable feed grain prices will have a positive effect on production. However, industry and trade contacts expect a 20-25% percent reduction in pork production from 2004 to 2006. At the same time, many outdated and small size slaughterhouses had to be closed due to stringent food safety requirements of the EU. Hungary will remain a net exporter during the coming years, but its export to third countries such as Russia or Asia may decline.